

Supply Chain: how to overcome current challenges knowing worldwide business partners



- The supply chain is still showing a certain level of volatility due to complexity that is increasing yearly. This is why it is necessary to understand the challenges and opportunities that must be faced to define proper and successful actions.

Considering the crisis started in 2020 with COVID-19 pandemic. Still, it continued in the following years even if with a different scenario, in 2024 is necessary to think at all processes with a different approach.

Supply chain issues refer to disruption or inefficiencies in the sequence of processes involved in the production and distribution of goods. Issues can arise from a variety of factors.

The main issues to consider today are:

- Global political scenario
- Rising fuel and energy costs
- Higher customer expectations

Supply chain issues are caused by:

- Russia-Ukraine conflict
 - Increased energy prices and flying restrictions over Russia and its surrounding countries have made difficult and expensive to ship and source products from China and Europe.
- A general instability in the Middle East with a high risk of escalation in the area
- The expectations of fast, free delivery
- Broken supply chains

Supply Chain: how to overcome current challenges knowing worldwide business partners



Main supply chain challenges

- Economy instability
 - Current economic volatility is having an effect that many businesses exited the market in the last years and there isn't any perspective in an improved situation shortly. Fears of a recession. Geopolitical conflicts with overall instability are not helping the overall global process.
- Poor visibility
 - Lack of visibility is a big threat to the supply chain as when there is a disruption isn't possible to determine the cause and difficult and quite impossible to take proper actions.

Supply Chain: how to overcome current challenges knowing worldwide business partners



- Increasing Freight Prices
 - The expansion of e-commerce in the last years caused an increase in the demand for the shipping of raw materials and finished products. At the same time, the shortage of free containers coupled with poor shipping capacities is impacting the whole process.
- Limited supply of raw material
 - The strong increase in global commerce impacted raw materials for manufacturing. In addition, the Ukraine war is adding to this problem by closing doors to other sources of raw materials.
- Manufacturing constraints and inflexible operations
 - Due to people, materials, and equipment, operations can be inflexible with a consequent ability to respond to changes in demand, which can be expected to be seen.
- Delays of ports
 - The above points related to the increase of global commerce generate congestion and delays in ports
- Difficulties in demand forecasting
 - The marketplace changed in the last years with unpredictable consumer behavior with demand fluctuation. It is translated into a lack of accurate demand with consequent difficulties in inventory management, logistics, and warehouse.
- Increased competition
 - Globalization, technological advancements, and also rapidly evolving customer expectations are pushing companies to adapt to stay ahead in this competitive environment.
- Gaps in distribution supply chains
 - An efficient supply chain is now mandatory, but rising demand for consumer goods, inefficient shipping, and logistics show new issues for distribution channels.

Supply Chain: how to overcome current challenges knowing worldwide business partners



- Sustainability
 - Climate changes and environmental degradation are imposing a sustainable way of doing business. The big question mark is now how the manufacturing industry will adopt a real green approach
- Cyber security
 - Several examples of companies that faced a cyber attack have shown the vulnerability of the supply chain. Several points in the supply chain are weak enough to be exposed to criminal attacks.

In addition, inflation, poor cooperation between countries, and labor shortages are additional challenges that the supply chain must try to overcome.

Generally speaking, a constant state of disruption is probably the new normal for businesses. It means defining a supply chain more than ever as agile, resilient, and of course sustainable. Of course, investment in advanced supply chain technology is mandatory.



Supply Chain: how to overcome current challenges knowing worldwide business partners



How to overcome Supply Chain challenges

Due to the current situation, it's mandatory to take some actions to face current challenges and proceed to the next level.

Some areas must be faced. Innovation, considered in different aspects, can be one of the keywords to face supply chain issues. As a starting point, is necessary to procure raw materials from multiple sources as it's a critical strategic decision. It can also be important to source raw materials from locations that are closer to manufacturing locations, to decrease freight costs and avoid issues in transportation delays. Linked to this point, there is also the necessity to focus on enhancing the shipping system with maximization of container usage and tracking shipment. This is connected to the fact that a great customer experience is the success factor and a product delay impacts negatively. Also, inventory management must be re-think combined with more sophisticated analytics and forecasting systems. If there is an increased demand uncertainty, it's necessary to be prepared and have analysis tools high performing. Considering what happened in the last years, another point that cannot be forgotten is the rising cost management with optimization strategies. A point very common in the last years is a labor shortage, starting from factory workers to truck drivers, it causes delays, increasing costs, and pressure on existing staff. Then, digitizing the supply chain is a good way to answer quick response requests. Meet regulatory compliance is a particularly tough point as laws are becoming more stringent worldwide, so it means investing in compliance management systems and regularly updating compliance policies to ensure they're in line with the latest regulations.

Supply Chain: how to overcome current challenges knowing worldwide business partners



A point particularly crucial is related to how to achieve supply chain sustainability. Regulations and Consumers are asking for business practices focused on sustainability, but we must be conscious that sourcing to manufacturing distribution can be complex and costly. Even if it's a challenge to overcome it takes time and effort at different levels. First of all invest in green supply initiatives, such as eco-friendly packaging, renewable energy, and ethical sourcing. This last point is really important as means prefer partners with high commitment to sustainability to reduce environmental footprint. Then, other areas to include are related to waste reduction also connected to optimizing energy and usage, reducing water consumption, as well as working packaging, decrease paper usage. A good point is represented by green transportation using eco-friendly methods, such as electrical vehicles. Finally, a positive approach to a circular economy ensures a long life to products, facilitating repairs, reuse, and of course recycling materials at the end of a product's life cycle.

By integrating sustainability into their supply chain management strategies, companies can not only meet the growing expectations of customers regulators, and stakeholders but also drive long-term success in an increasingly competitive market.

Climate change is posing at the same time challenges and opportunities. It's necessary to overcome challenges coming from it, such as assessing potential climate-related vulnerabilities, diversifying suppliers and transportation routes, and at the same time working for a carbon footprint reduction minimizing energy consumption with renewable energy.

Supply Chain: how to overcome current challenges knowing worldwide business partners



Of course, one of the most effective ways to address supply chain management issues is technology. At the same time, a strong knowledge of players involved in the process is crucial. Knowing who is providing technology, as well as raw material, or shipping system is a good way to take control of the overall process and supplier management.

SkyMinder, CRIF BTB risk information platform enabling international business, offers different solutions critical for the companies' evaluation in a supply chain scenario. It's possible to cover all the evaluation paths, considering local specificities in terms of data availability linked to legislation requirements.

Supply Chain: how to overcome current challenges knowing worldwide business partners



Starting from Full Reports and Slim Report, is possible to have general information about the company, evaluation data, financial information, company structure, and negative information. Combining Monitoring solutions, changes affecting the company are provided to review the relationship if required. Company structure and shareholders are provided by verification report. Compliance aspects are becoming more and more important in an evaluation process intending to detect involvement in financial crimes or other crimes. Thanks Extended Check Report and Compliance Report provided a complete overview related to criminal activities. Knowing in advance that a business partner isn't involved in such actions, helps to exclude future negative impacts on business. Cyber Risk attacks are one of the main threats to the supply chain. Starting a check on how partners' IT system is open to vulnerability, is a good starting point in minimizing potential disruptions. Kynd Cyber Risk Report provides an overview of possible weaknesses. From a different perspective, is also important to understand the level of propension of innovation and research and development, and the Patent Due Diligence Report this area is fully covered.